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C O N F I D E N T I A L SECTION 01 OF 03 KATHMANDU 000728

SIPDIS

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TAGS: [PGOV](#) [PTER](#) [NP](#)

SUBJECT: NEPAL: MAOIST-LED GOVERNMENT COULD BE DAYS AWAY

REF: A. KATHMANDU 705
 [1](#)B. KATHMANDU 697
 [1](#)C. KATHMANDU 689

Classified By: Ambassador Nancy J. Powell. Reasons 1.4 (b/d)

Summary

[1](#)1. (C) Maoist chairman Pushpa Dahal (aka Prachanda) told Carter Center senior adviser Peter Burleigh the morning of June 26 that he expected to be Prime Minister in "three or four days," and that Prime Minister Koirala (Nepali Congress) would announce his resignation within a matter of hours, which Koirala subsequently did. Burleigh reported to the Ambassador that Dahal insisted the President would not be from the Communist Party of Nepal - United Marxist Leninist. The Maoists were considering two other options. One would be to support Madhesi leftist and minor party leader, Ram Raja Prasad Singh. The other would be to leave the Presidency open while Dahal worked to persuade his party to accept Koirala as President. Leaders of the governing Seven-Party Alliance signed a 22-point agreement June 25 which addresses integration of People's Liberation Army combatants, demilitarization of the Young Communist League and return of seized property. The so-called Fifth Amendment to the Interim Constitution providing for the election of the President and Prime Minister by simple majority was tabled in the Constituent Assembly June 26.

Dahal Anticipates Being PM Shortly

[1](#)2. (C) Carter Center senior adviser Peter Burleigh informed the Ambassador June 26 that Maoist chairman Pushpa Dahal (aka Prachanda) had told him early that same morning that he expected to be Prime Minister in "three or four days." Dahal added that the anticipated that Prime Minister (and Nepali Congress President) G.P. Koirala would announce his intention to resign at the Constituent Assembly (CA) session which was scheduled to begin at 11 a.m. (local time). PM Koirala's nephew Dr. Shekhar Koirala had predicted to Emboff on June 25 that the PM would make the announcement at the CA's June 25 meeting, but that meeting came and went without it happening.

Koirala Resigns

13. (U) The CA meeting began at 1:45 p.m. local time. Shortly after 3:15 p.m., Prime Minister Koirala announced, speaking extemporaneously, that he was resigning as Prime Minister. He conceded that Nepal could move forward "minus Koirala," but urged the parties not to forget to keep consensus. Peace and Reconstruction Minister Ram Chandra Poudel then read the PM's formal remarks. Koirala made no reference to the absence of a President. (Comment: It is generally understood that Koirala will remain as a caretaker PM until the President is elected. End comment.)

President Not To Be From UML

14. (C) Dahal had insisted to Burleigh that the option of the President coming from the Communist Party of Nepal - United Marxist Leninist (UML) was "dead." This was in the face of widespread speculation that a so-called "Left Alliance" between the Maoists and the UML would propel a UML candidate to the country's soon-to-be created top office. In recent public remarks, however, senior Maoist leaders, including Dahal, had repeatedly denied that they had agreed to a particular UML candidate. For its part, UML was on record arguing that the former UML General Secretary M.K. Nepal was the party's nominee to be President.

Two Other Options Possible

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15. (C) The Communist Party of Nepal (Maoist) (CPN-M) chairman explained to the Carter Center adviser that he was considering two other options. One was for the CPN-M to nominate Madhesi leftist and minor party leader Ram Raja Prasad Singh, whom the Maoists had already publicly held out as a potential presidential candidate. Another idea under active consideration was to ask the Nepali Congress (NC) to wait a month or two to give Dahal time to persuade his party comrades to support G.P. Koirala for the position. Dahal admitted that he was open to this possibility because of his desire to preserve Maoist-NC-UML unity and in spite of his concerns that Koirala would constitute a separate and competing power center if elected President. He did not explain how he intended to get Koirala out of the PM's office if there were no President to whom Koirala could resign.

22-Point Agreement Signed

16. (C) Late on June 25, according to Embassy sources, senior Seven-Party Alliance (SPA) leaders, including Dahal, Poudel of the NC, and UML General Secretary Jhalanath Khanal, signed a 22-point political agreement. In addition to committing to elect the President, Vice President, Prime Minister, CA Chairman and Vice Chairman, if possible, by consensus, the parties addressed a number of major peace process issues. The leaders agreed to complete integration of Maoist People's Liberation Army combatants within 6 months. The Maoists committed to demilitarize their Young Communist League -- specifically to vacate occupied buildings and end militant activities -- within 15 days. Likewise, the Maoists promised to return seized property within 15 days. (Comment: Once again the parties have agreed to many provisions which cannot possibly be implemented, setting up the next confrontation and further eroding the public's confidence in the parties. End comment.)

Fifth Amendment Tabled

17. (C) CA Spokesperson Mukunda Sharma stated to Emboff June 26 that the Government of Nepal (GON) had tabled the bill for the so-called Fifth Amendment to the Interim Constitution at

the Parliament Secretariat that morning. The GON had registered the bill at the Assembly late on June 25 after SPA leaders and the cabinet approved it. He anticipated that CA Members would discuss the bill, which provides for the election of the President, Vice President and Prime Minister by simple majority, on June 28. Sharma ventured that the vote on the amendment might not take place until July 1 or 2, but he conceded that more rapid passage was possible if the major parties so desired.

Comment

18. (C) Eleven weeks after Nepal's April 10 Constituent Assembly election gave the Maoists a plurality, the CPN-M is getting close to forming a Maoist-led government. It is possible that Pushpa Dahal will be Prime Minister by June 29 or 30, but that date could easily slip. The events of June 25 and 26 -- the adoption of a political agreement, the tabling of a constitutional amendment on election of the President and the PM, and Koirala's presumed resignation -- certainly reduce the remaining obstacles. Attention now is likely to focus sharply on the Presidency. Popular pressure in the Terai would probably compel the Madhesi parties to provide the Maoists with the additional votes they need to elect Ram Raja Prasad Singh Nepal's first President, but forming a governing coalition with the Madhesis would be far from easy. That approach also runs the risk of having not just the Nepali Congress, but also the UML in opposition. Dahal's other idea of leaving the Presidency vacant for a few months in the hopes of selling his cadres on Koirala for President has its downsides also. The effort may fail and in

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the meantime, Koirala will have no one to whom he can resign.

The final outcome of Nepal's political free-for-all is not yet clear.

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